

Message Text

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72

ORIGIN NEA-16

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 PA-04 PRS-01 USIA-15 /156 R

DRAFTED BY NEA/INS:JELEADER:EI

APPROVED BY NEA/INS:DKUX

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AID/GC/ASIA:CGOLDSTEIN

AID/ASIA:HTHOMAS

TREASURY:SCANNER

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P 050041Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO PRIORITY

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E.O. 11652: N/A

TAGS: EAID, CE

SUBJECT- MOV NEGOTIATIONS

REF: COLOMBO 1429

1. WE CONSIDER COOREY'S PRPOSAL REPORTED PARA 5 REFTEL AS
USEFUL STEP TOWARD NEGOTIATED EFFECTIVE EXCHANGE RATE BUT
WE THINK IT DOES NOT GO FAR ENOUGH TOWARD COMPROMISE
ACCEPTABLE TO US. US PROPOSED ON MARCH 26 (COLOMBO 826)
FORMULA WHICH ALLOWED REPAYMENT OF APPROXIMATELY 75 PERCENT
OF ICA MOV DEBT AT FEEC RATE AND 25 PERCENT AT OFFICIAL
RATE. COOREY IN REFTEL PRESENTED NOTIONAL COUNTER OFFER
WHICH IS SOMETHING LESS THAN RECIPROCAL COUNTER PROPOSAL,
IE. IT YIELDS REPAYMENT OF RUPEES TO US EVEN LESS FAVORABLE
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TO US THAN IF GSL HAD OFFERED 75/25 PERCENT RATIO IN

CEYLONENE FAVOR.

2. WE WOULD NOT EXCLUDE PROSPECT THAT US COULD AGREE TO REPAYMENT OF ARREARAGES ON ICA LOANS AT OFFICIAL RATE WHILE FUTURE PAYMENTS ARE MADE AT FEEC RATE. BUT WE COULD AGREE TO THIS DEVICE ONLY IF ITS USE WOULD PRODUCE RATE OF EXCHANGE CONSIDERABLY MORE SATISFACTORY TO US THAN THAT

IMPLIED IN COOREY FORMULA.

3. WE PROPOSE THAT EMBASSY RESERVE COMMENT ON COOREY PROPOSAL PENDING CEYLONENE SIGNAL THAT THEY ARE PREPARED TO MOVE TOWARD MORE EQUITABLE COMPRO

Message Attributes

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US Department of State
EO Systematic Review
30 JUN 2005

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